S. HRG. 100-1006

NOMINATIONS OF JAMES H. ATKINS, STEPHEN E. BELL, JOHN D. DAVENPORT, AND BERT H. MACKIE

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF JAMES H. ATKINS, STEPHEN E. BELL, JOHN D. DAVENPORT, TO BE MEMBERS OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD, AND BERT H. MACKIE, TO BE A GOVERNOR OF THE U.S. POSTAL SERVICE

SEPTEMBER 16, 1988

Printed for the use of the Committee on Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE

94-771 WASHINGTON : 1989

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

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NOMINATIONS OF JAMES H. ATKINS, STEPHEN E. BELL, JOHN D. DAVENPORT, AND BERT H. MACKIE

FRIDAY, SEPTEMBER 16, 1988

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 2:05 p.m., in room SD-342, Dirksen Senate Office Building, Hon. David Pryor, presiding.

Present: Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. The Committee will come to order.

Senator John Glenn, the Chairman of the Governmental Affairs Committee, has asked me to chair today's Full Committee hearing to consider the nominations of James H. Atkins, Stephen E. Bell and John David Davenport to the membership of the Federal Retirement Thrift Investment Board; and also of Mr. Bert H. Mackie to be a Governor of the United States Postal Service.

The Committee rules mandate that an inquiry be conducted into the experience, qualifications, suitability and to the integrity of the nominees before the Committee. The Committee has received from the nominees financial statements and detailed information on their educational background, employment record, and professional achievements.

In addition, the nominees have responded in writing to prehearing questions submitted by the Committee concerning the duties and responsibilities of the positions to which they have been nominated. Copies of the biographical information and prehearing responses will be placed in the record as part of this hearing and available upon request. Financial statements are available for inspection by the public in the Committee's office.

Committee investigators have reviewed all of the nominees' biographical and financial information. In addition, Committee staff has examined financial disclosure reports submitted by the Office of Government Ethics and the respective agency ethics officer to ensure that no conflicts of interest are present.

The Chairman of the Committee, Senator Glenn, has reviewed the FBI background investigation report on all of the nominees coming before the Committee this afternoon.

Finally, the nominees have all been interviewed in private by designated Committee staff prior to this hearing this afternoon.

Committee rules further require that the nominees be under oath during this hearing while testifying on all matters relating to their suitability for office, including the policies and programs which they will pursue while in these respective positions.

If the four nominees would please at this time rise in place to be sworn in, I would call Mr. James H. Atkins, Mr. Stephen E. Bell, Mr. John David Davenport and, finally, Mr. Bert H. Mackie.

I will ask you to raise your right hand. Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God.

[All responded in the affirmative.]

Senator PRYOR. You may be seated. Thank you.

If I might, I would call Mr. James H. Atkins from Little Rock, Arkansas, to the witness stand.

Mr. Atkins has become a nominee to the Federal Retirement Thrift Investment Board. I might say that I have known Mr. Atkins. He has been a life long friend. We grew up in Southern Arkansas together, in Camden, Arkansas, and among his many other achievements, he is currently the Managing Director of March & McLennon, Incorporated, and also is President-elect of the Arkansas Arts Center.

He has many, many other qualifications in his biographical information that I believe would highly qualify him for this respected position.

I would now like, if I might, to ask a very few questions of Mr. Atkins.

Mr. Atkins, do you have a prepared statement or would you like to make a statement for the record and have it entered in the record?

TESTIMONY OF JAMES H. ATKINS, NOMINEE TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Mr. ATKINS. No, sir.

Senator PRYOR. Mr. Atkins, is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. ATKINS. Senator, there are two incidents that I disclosed to the Committee that the Committee is aware of and I have agreed to recuse myself from all matters concerning those two situations.

Senator PRYOR. Very good. Thank you.

Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. ATKINS. No, sir.

Senator PRYOR. If you are confirmed, do you agree without reservation to appear and to testify before any duly constituted committee of the Congress?

Mr. ATKINS. Yes, sir.

Senator PRYOR. All of the biographical information on you, Mr. Atkins, will be placed at the appropriate place in the record and the duties to which we hope you will be assuming soon are not only very difficult duties, I think, because they will be in part managing ultimately several billion dollars of Federal employees' retirement

funds and I just am very grateful that you would consent to have your name placed in nomination.

If there are no further questions to be submitted, orally or in writing, you will be excused.

Mr. ATKINS. Thank you, sir.

Senator PRYOR. Thank you, Mr. Atkins.

I will call Mr. Stephen Bell. I believe Mr. Bell not only is a nominee to the Federal Retirement Thrift Investment Board. He is also no stranger to this Committee and certainly no stranger to this Hill. Seated on his left is his introducer today and, of course, no stranger to this Committee or any of us, the Honorable Pete Domenici of the State of New Mexico.

Senator Domenici.

TESTIMONY OF HON. PETE V. DOMENICI, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Thank you very much, Mr. Chairman.

I think you have said it right with reference to the President's nominee, Steve Bell. He is no stranger to this Committee nor to most Senators. But I might say from my own personal standpoint, he asked me if I would do this, and I have not had the opportunity to introduce him for nomination to anything since he left my employment and went to work for Salomon Brothers.

I was most pleased to come and just say to you that I do not believe I have to go into his background. I think you have that.

I can only say to you that—and maybe since we have had the opportunity to do a few things in life that are very similar, like being a U.S. Senator, you and me—you might best understand how much I respect and admire this man by telling you that probably one of the saddest days in my life was when he told me that he had been offered a very responsible job with Salomon Brothers and was going to leave.

I think you would understand that in my saying that, that is my highest tribute to a dedicated public servant, one who I was privileged to have work for me. But I must say that his background as you read it there in journalism, his academic background, wherein he specialized in learning the fundamental skills of English and writing, might not give you a true flavor of this man's talent.

I would say to you that in the years that he served for me, all the way from heading my press department to 6 years as Staff Director of the Budget Committee, I can tell you two things. He will never shirk a responsibility. He will spend all the time necessary to be prepared. And secondly, he takes assignments seriously and so he will take this one seriously. He knows that the Federal employees are relying—at least those who choose this—are relying on this Board to do a good job in their behalf and make sure that their money is not only there but earns a maximum amount while it is safe, and I can tell you unequivocally that I feel he will do that in a most responsible manner.

He also knows how to work with people and that means he will be a good collegial member in my opinion and I highly recommend him and thank the President of the United States for nominating him.

Senator PRYOR. Senator Domenici, let me also say something else about Mr. Bell. Probably—well, almost without reservation, I guess, other than more than any man alive he understands the 1974 Budget Act, I think, and that says a great deal for anyone today who can understand all the complications of that piece of legislation.

Senator DOMENICI. Anyone who could become expert in that and fool everyone into thinking that he really understood it deserves this nomination. [Laughter.]

Senator PRYOR. Senator Domenici, thank you very much.

Mr. Bell, do you have a prepared statement or would you prefer to make a statement? Of course, your full statement will be printed in the record if you choose.

TESTIMONY OF STEPHEN E. BELL, NOMINEE TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Mr. BELL. Thank you, Mr. Chairman. I just want to say I appreciate the cooperation of the staff of the Committee, their patience, as I submitted the information requested, and I am honored by the nomination of the President for this position which I will take quite seriously.

Senator PRYOR. Thank you. Is there anything that you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. BELL. As I noted in my response to the Committee, I do work for a large investment banking firm. We have substantial responsibilities in the Government markets. I believe that we will not have a conflict at all, and if the situation arises where I think there might be one, I would consult with counsel.

Senator PRYOR. I believe that you have stated this either in writing or orally to the staff in their interview with you; is this correct?

Mr. BELL. Yes, sir, I have.

Senator PRYOR. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. BELL. No, sir.

Senator PRYOR. If you are confirmed do you agree without reservation to appear and testify before any duly constituted committee of the Congress?

Mr. BELL. Yes, sir.

Senator PRYOR. Mr. Bell, I see no other members present at this time. I know of no oral questions that will be coming, other than those.

I do not think there are any written questions by any member of this Committee. I you have no further statements you stand—pardon me just a moment, Mr. Bell.

Mr. Bell, I was negligent. I had a note and I flipped over it awhile ago. Senator Sasser of Tennessee will have a letter of commendation about you and his strong support for you to achieve this nomination. In fact, I think most of the members of the Budget

Committee—probably all—would have submitted such a letter had they been advised of this hearing today.

Mr. Bell, if there is nothing further, you are excused. We thank you and wish you well.

Mr. BELL. Thank you, Mr. Chairman.

Senator PRYOR. We next call Mr. John David Davenport, nominee to the membership of the Federal Retirement Thrift Investment Board.

Mr. Davenport, you were doing very well, on the road to becoming confirmed by the Senate until you brought with you these two Senators from Oklahoma, which may cast some doubt over this nomination. [Laughter.]

Having said that, we look forward to hearing from both of our very fine friends. And I understand Congressman English is also here, but I think he is here for the next nominee.

We welcome today Senator David Boren and Senator Don Nickles, our neighbors from Oklahoma. They are here to say a few words in behalf of Mr. Davenport.

Senator Boren, we look forward to your statement.

TESTIMONY OF HON. DAVID L. BOREN, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator BOREN. Thank you very much, Mr. Chairman. In light of your comments, I think we should apologize for all the differences of opinion that we have had between Oklahoma and Arkansas in recent days.

Senator PRYOR. Well, it just seems like every time we look up you all are trying to annex about a fourth of us over there and add it to Oklahoma, or something like that.

Senator BOREN. Well, I understand the Chairman's point of view. I do want to remind him, however, of my very large and extended family that still reside and are active politically in the State of Arkansas. Very active.

Senator PRYOR. And do not forget that Pryor, Oklahoma, was named for some of my ancestors, as I recall, and I may have a couple of them still there. [Laughter.]

Senator BOREN. Mr. Chairman, I do thank you for this opportunity to appear and I am proud to endorse the nomination of John David Davenport to continue service on the Federal Retirement Thrift Investment Board. Also, as an Oklahoman, David brings to the Board a dedicated sense of overseeing the investments decisions of the Board and deserves to continue in this capacity. He has served very well and very effectively. With his experience with the Public Employee Benefit Service Corporation, as well as his Chairmanship of the Quail Creek National Bank of Oklahoma City, Mr. Davenport brings competence and expertise to this important post.

Let me say that he is not only an expert in the financial field, not only highly respected as a business man, but that he is also highly respected in our State for his community involvement, his support of worthwhile civic endeavors and good causes. He gives of his own time generously for the public good, and I certainly would recommend his continuation in this post without reservation.

As you can see, this is a feeling felt across the board without regard to partisan affiliation in our State and Senator Nickles and I are both very proud to be here and to endorse this nomination.

Senator PRYOR. Senator Boren, thank you very much, and thank you for coming this afternoon. I understand that you have some matters, probably with the Intelligence Committee. I know a great deal of your time has been spent in that endeavor these last 2 years. We not only thank you for that, we thank you for taking of your busy schedule today to come in behalf of Mr. Davenport.

Senator Nickles, we look forward to your statement.

TESTIMONY OF HON. DON NICKLES, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator NICKLES. Senator Pryor, thank you very much for this hearing. I join my colleague, Senator Boren, in my strong endorsement for the nomination of David Davenport as a member of the Federal Retirement Thrift Investment Board.

Mr. Davenport was appointed by the President in April of 1987 and has done an outstanding job. As you know from reviewing his résumé, he is extremely well qualified for the position. Given his experience and background, it is hard for me to imagine there could possibly be anybody better qualified to serve on the Board.

Mr. Davenport has more than 20 years experience in the retirement investment business. He has worked in all aspects of retirement planning and has a significant experience in working with public employee pension plans. Mr. Davenport was the founder of a company which was a leader in the design and development of public employee savings and investment plans. This company, the Public Employee Benefit Services Corporation, has developed an employee savings plan which serves more than 2 million public employees in more than 2,000 cities, counties and states.

Mr. Davenport also has extensive service in the investment business outside the public employee pension plans. I am sure that his experience in investment in insurance has given Mr. Davenport a keen understanding of the importance to all Americans of lifetime retirement decisions.

Federal employees place a great deal of trust in those who oversee their pension plans. I know that the 50,000 Federal employees in Oklahoma and those in the rest of the Nation will be confident about the safety and quality of their retirement investment with a man of Mr. Davenport's character, ability and integrity overseeing their pensions.

Through his work in the public employee benefits field and his service to public employees he has demonstrated the dedication and commitment to public employees. I urge this Committee to move as rapidly as possible to approve Mr. Davenport's nomination to the Board.

Senator PRYOR. Senator Nickles, thank you for that fine recommendation of Mr. Davenport.

Mr. Davenport, do you have a prepared statement, or would you like to make a statement before the Committee at this time? If not, your full written statement, should you desire, would be entered into the record.

TESTIMONY OF JOHN DAVID DAVENPORT, NOMINEE TO BE A MEMBER OF THE FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Mr. DAVENPORT. Mr. Chairman, I do not have a written statement, nor did I intend to give a statement.

I just want to thank the two Senators—Senator Boren and Senator Nickles—for such an outstanding moment of support.

Senator PRYOR. Thank you. Is there anything that you might be aware of, Mr. Davenport, in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. DAVENPORT. The only instances where there could be a conflict have been noted in my financial disclosures. There were two or three instances where there could possibly be a question. They have been noted and reviewed and I have agreed to, if they should arise, recuse myself from any consideration on those issues.

Senator PRYOR. Mr. Davenport, do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. DAVENPORT. No, sir.

Senator PRYOR. If you are confirmed, do you agree without reservation to appear and testify before any duly constituted committee of the Congress?

Mr. DAVENPORT. Yes, sir.

Senator PRYOR. Mr. Davenport, as far as I know, there are no questions from other members of the Committee, nor do we have any questions in writing to submit.

Mr. Davenport, we have no other questions. You are excused and we thank you very much for appearing.

The fourth and final nominee of the afternoon is Mr. Bert H. Mackie, nominee to be a Governor of the United States Postal Service.

We have, again, the Oklahoma delegation. It now has been expanded in include Congressman English. This must be Oklahoma day here; 50 percent of the nominees today come from our neighbor, Oklahoma.

Senator BOREN. It's our fair share, Mr. Chairman. [Laughter.]

Senator PRYOR. Let me, if I might, ask Congressman if he would like to make a statement.

TESTIMONY OF HON. GLENN ENGLISH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. ENGLISH. Thank you very much, Mr. Chairman.

I am very pleased to have the opportunity to introduce you to Bert Mackie of Enid, Oklahoma, one of my constituents. It is a great pleasure for me because I see the culmination of almost 3½ years work.

Three and a half years ago I asked the Oklahoma Congressional delegation to sign a letter with me recommending Bert for the nomination to the Board of Governors of the U.S. Postal Service. The delegation signed that letter and, of course, we are here today recommending to you what we feel is a very outstanding person.

Bert is the Executive Vice President of the Security National Bank and a member of its Board of Directors. He has been with Security National since 1962 and has committed himself to excellence at that bank, and that is evidenced certainly with the low personnel turnover, the low operational cost and the high customer satisfaction. I might also say that that bank is still in business, which says a good deal about it down in our part of the country.

He is Chairman of the Oklahoma Regents for Higher Education. He has been selected as one of the five outstanding State Presidents for the U.S. Jaycees, and he served as President of the Enid Chamber of Commerce, just to name a few of his vast accomplishments. Certainly, as you can see by his resume, Bert has very many great accomplishments.

But I want to say some things that the resume really does not. I also want to attest to his integrity and his strong work ethic which is, certainly, we feel characteristic of the people down in the 6th Congressional District of Oklahoma. But most of all, I want to express to you a sense of dedication that he has; dedication to his wife and his two children, his dedication to his work and his community, as well as to his friends.

Senator, I have a very great pleasure in recommending Bert to the Board of Governors of the U.S. Postal Service and I am sure that he will bring with him to the Board of Governors his integrity, his strong work ethic, and his dedication to his 9-year term.

Senator PRYOR. Congressman English, thank you very much for that eloquent statement.

Senator Boren.

TESTIMONY OF HON. DAVID L. BOREN, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator BOREN. Thank you very much, Senator Pryor. I want to echo and endorse wholeheartedly the remarks that have just been made by the Dean of our delegation, Congressman English.

Also, I want to take the privilege, if I may, of introducing the fine family of Bert Mackie who are here with him today; Janice Mackie and their sons Steven and David are here, if they would stand. We are very pleased to have them with us today.

I strongly support this nomination of Bert Mackie to be a Governor of the U.S. Postal Service. I am proud that Bert is a citizen of my home State of Oklahoma and any State would be proud to claim him as a citizen of their own State; and that the President has shown the trust and confidence in his abilities necessary to select him and to nominate him for this important position.

I know of his background as a businessman, as Glenn has indicated. He is a very effective businessman, a very talented banker. He mentioned that his institution is still open, and we are in a State where we have experienced, tragically, 79 bank failures in the last 6 years. Bert has assisted in a prudent course for his own institution which has helped it survive in a devastatingly tough economy. He comes from a part of our State that has undergone tremendous economic pain and hardship over the last 3 or 4 years. I think this helps to show his managerial and business sense, the kind of expertise that he will bring to the Board of Governors.

More importantly, as Glenn English has mentioned, beyond his other qualifications is his most essential qualification, and that is his commitment to public service. I do not know of anyone in Enid, Oklahoma, or any other community in the State of Oklahoma that is more involved in trying to help the community. Glenn has mentioned his activities with the Chamber of Commerce, the Jaycees. He has headed the United Way Drive, the March of Dimes. Every time I have been in that community and seen any activity going on Bert has been there and he has been involved in it.

I, of course, agree with the President's judgment in making this appointment as I had the privilege of appointing Bert Mackie myself to two very important positions when I served as Governor of Oklahoma. First, an opportunity to appoint him to the Reorganization Commission on State Government which undertook a management study of our entire State governmental structure and made recommendations for its modernization and improved efficiency and Bert Mackie served extremely well, extremely effectively. He was a very influential member of that commission.

Later, of course, I was privileged to see him made a member of the Oklahoma State Regents for Higher Education where he has provided tremendous service in the field of education.

I continue to benefit from his good counsel and friendship which means so much to me. So this is by no means—I think you can tell from all the members that are here, from what Glenn has said, from what I know Don will say—this is not something that we are here out of obligation to make some expected endorsement. This is a heartfelt endorsement by all of us for a man whose friendship we truly value and whose community service we truly respect.

Senator PRYOR. Senator Boren, thank you for you fine statement.

Senator Don Nickles.

TESTIMONY OF THE HON. DON NICKLES, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator NICKLES. Senator Pryor, again, let me thank you for having this hearing today for the nomination and confirmation of Bert Mackie for a seat on the Postal Service Board of Governors.

Mr. Mackie is aware—as I am sure the Chairman is aware and this Committee is aware—of the importance associated with this position. The U.S. Postal Service is a $38 billion agency with nearly 800,000 employees and handles more than 147 billion pieces of mail each year out of nearly 40,000 branches and stations. Mr. Chairman, if that were a private corporation, it would rank 8th among the Fortune 500. So we are talking about a very important position and one which I know the President feels we need very competent and qualified people. Bert Mackie is such a person.

Bert Mackie is a person that I have had the pleasure of knowing and working with for several years. He is an individual of the highest degree of integrity and ability. He would be a real asset to the Nation and the Postal Service and I am extremely pleased that the President has nominated him.

Also, I want to thank the Committee for acting expeditiously on holding this hearing and also, hopefully, quickly reporting it out to where he will be confirmed by the Senate in the next week or so.

Bert Mackie's substantial experience in the business field will be a real asset to the Postal Board of Governors. He will help them make some wise and, I believe, some difficult decisions that need to be made in the future. His background and experience in banking brings very important and strong financial management skills. These skills will be extremely important in the days ahead.

As you know, the Postal Service recently experienced some significant and difficult budget times and, consequently, was faced with difficult policy choices. While I am hopeful this situation will not reoccur, I am confident that Bert's financial management background will greatly assist him in dealing with the complex financial management tasks facing the Board of Governors.

He also has significant experience in dealing with employer and employee relationships which are also crucial in dealing with the Post Office. Because of Bert's experience and background in his home town of Enid, Oklahoma, I think he also has additional expertise in the fact of a small town, the importance of a Post Office in a small community.

I think Bert Mackie is an outstanding recommendation by the President and I wholeheartedly support his nomination and, again, I urge the Committee report his nomination to the Senate to be confirmed by the whole Senate as rapidly as possible.

Senator PRYOR. Senator Nickles, thank you for your very fine statement in support of Mr. Bert Mackie, a nominee to the Postal Board of Governors.

For the edification of some of our audience who might not know, we have 9 members on the Board of Governors. This is a 9-year appointment, as I understand, and as all of the three colleagues in the House and Senate have addressed, this is an extremely important and crucial position in our country and in our society.

Mr. Mackie, under the rules and regulations of this Committee and the laws of the United States, I will ask you the same questions that I have asked the other witnesses this afternoon.

First, do you have any prepared statement, or would you like to make a statement? If not, your full statement, if you so desire, could be entered in the record should you choose.

TESTIMONY OF BERT H. MACKIE, NOMINEE TO BE A GOVERNOR OF THE U.S. POSTAL SERVICE

Mr. MACKIE. Yes, sir, Senator Pryor. It is my privilege and honor to be here today. I want to say thank you to three great Oklahomans for the good words they have said on my behalf.

I have looked at the duties very thoroughly of the U.S. Postal System and I pledge to you that I will—if confirmed—that I will do those duties to the best of my ability.

Senator PRYOR. Thank you, Mr. Mackie.

Is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. MACKIE. Senator Pryor, I only found one thing. My employer has a small parking lease with the U.S. Postal System for the Enid Post Office. I have noted that to the Committee and they see no conflict at this time.

Senator PRYOR. Thank you. This has been noted, as you said, with the Committee in the interviews; is this correct?

Mr. MACKIE. Yes, sir.

Senator PRYOR. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. MACKIE. No, sir.

Senator PRYOR. If you are confirmed, do you agree without reservation to appear and testify before any duly constituted committee of the Congress?

Mr. MACKIE. I agree.

Senator PRYOR. Mr. Mackie, we thank you. Let me just add one personal note. We do appreciate you bringing your family. I have just done some research. I know now the personal phone number for David and Steve Mackie in Enid, Oklahoma. If I have any problems with the Postal Service getting my mail, I am going to call David and Steve and ask them to get their father on the ball. [Laughter.]

We welcome Ms. Mackie and your two fine, handsome sons.

I actually was negligent in asking any of the other previous nominees or witnesses if they had any of their family members here. I do apologize for that and if there are any of the nominees who do have family, we would be glad to recognize them at this point.

If not, we have set an all time record. It looks like we have taken the testimony and done what was necessary here in four nominees to two very critical positions. We hope that these nominations can go to the floor of the Senate, as Senator Nickles has said, expeditiously, hopefully next week, and we are very appreciative of the delegations coming this afternoon making recommendation for these individuals.

We thank the individuals for their full cooperation with the Committee and with the staff during the sometimes long and tedious interrogation process. I can only end by saying if the FBI ever did a background check on me like they have done on these four individuals, that would be an acclaim in itself because I have seen how they do these background checks and I must say, they are very, very thorough indeed.

We thank you, Mr. Mackie. We thank our other nominees today, and the Committee will conclude at this time.

[Whereupon, at 2:40 p.m., the hearing was adjourned subject to the call of the Chair.]

APPENDIX

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. Name:

   James Howard Atkins

2. Position to which nominated:

   Federal Retirement Thrift Investment Board

3. Date of Nomination:

   August 10, 1988

4. Address:

   Residence: 42 Edgehill, Little Rock, Arkansas 72207 (home)

   Business: Marsh & McLennon, Inc.
   105 West Capitol Avenue
   Little Rock, Arkansas 72201

5. Date and Place of Birth:

   November 14, 1931 Camden, Arkansas

6. Marital Status:

   Married: Kathleen Wright Atkins

7. Names and Ages of Children:

Catherine Page Atkins	19	1/03/69
Mary Wright Atkins	18	11/21/70

8. Education: List secondary and higher education institutions, dates attended, degree received and date degree granted.

   Camden, Arkansas Public Schools - 1946-1949
   University of Arkansas - Bachelor of Science in Business Administration, 1954
   Arkansas State Teachers College - Conway, Arkansas 1949-52

9. Employment Record: List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.

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1957-1960, United State Fidelity and Guaranty Company
1960 to present - Joined Insurance Department of Worthen Bank & Trust Company as Account Executive. Became Assistant manager of agency in 1961 and Vice President and Secretary in 1965. The four officers of the agency purchased all of the stock in 1966 and the name was changed to Cobb, Atkins, Boyd & Eggleston. Mr. Atkins was named President and Chief Executive Officer in 1970. Mr. Atkins purchased all of the stock in Rector, Means & Rowland, an independent agency in Little Rock and Hot Springs, Arkansas, as well as all of the stock in Arkansas All Risks, a surplus lines agency, in 1975. Rector, Means & Rowland and Cobb, Atkins, Boyd & Eggleston were merged in 1977 and the name was changed to Atkins Insurance Corporation. The firm bought Williams and Rosen in Little Rock in 1979 and the Farris Agency in Conway in 1981 and both agencies were merged with Atkins Insurance Corporation. Effective December 16, 1985, Atkins Insurance Corporation was merged with Marsh & McLennon, Inc. and the name of the agency changed to Marsh & McLennon, Inc.

1955-1957 United States Army - Honorable Discharge

10. Government Experiences: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above:

Present Federal Retirement Thrift Investment Board
War Memorial Stadium Commission, appointed by the Governor of Arkansas and served until 1980.
State Banking Board (regulates all state chartered banks in Arkansas), appointed by Governor of Arkansas in 1980. Served as Chairman 1981.

11. Business relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Worthen Banking Corporation - Board of Directors
Marsh & McLennon, Inc. - Managing Director
Little Rock Insurance Exchange - President 1968
Arkansas Association of Insurance
President - 1970
Chairman of Executive Committee - 1971
Executive Committee - 4 years
Dues and Finance Committee Chairman - 2 years
Resolutions Committee Chairman - 2 years

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Education Committee Vice Chairman - 1 year
Conference Committee Chairman - 2 years
Public Relations Committee Vice Chairman - 1 year
Delegate to Southern Agents Conference in Atlanta representing Arkansas on various committees - 4 years
Delegate to Midwest Conference Committee, Chicago - 2 years

Insurance Company Advisory Board
Home Insurance Company - served on National Advisory Board
CNA - served on National Advisory Board
Fireman's Fund - has served on State Advisory Board
Aetna Life & Casualty - has served on State Advisory Board

12. Memberships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Little Rock Chamber of Commerce - President 1978, served on Board of Directors for 6 years and the Executive Committee 3 years.
University of Arkansas at Little Rock - previously served on Economic Development Council.
National Foundation March of Dimes - served as Little Rock Campaign Director and Pulaski County Campaign Director. After 1965 campaign was one of four people in the nation asked to New York to aid in re-organizing campaign techniques for the overall United States fund raising activities. Served on the Board of Pulaski County Chapter for eight years and held the positions of both Chairman of the Board and Chairman of the Executive Committee.
American Red Cross - served six years on the Board of Pulaski County Chapter.
United Way - has served on the Board of Directors.
Little Rock Convention Center - served as chairman of committee to build a convention center in 1987.
Programs for Older Persons - served on the organizing Board, as well as secretary of the Board.
Institute of Politics and Government - served on the Board of Directors.
Fifty for the Future - Has served on the Board of Directors.
National Conference of Christians and Jews - 1982 Chairman.
Arkansas Symphony - served as Vice President
Easter Seal Society - Has served as State Telethon Chairman.
Junior League of Little Rock - Has served as Community Advisor.

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Arkansas Arts Center - currently serving on the Board of Directors; currently President Elect.
Charter member of President's Round Table, University of Central Arkansas, Conway, Arkansas.
R. D. Doubleday Fund - served as Chairman.
Arkansas Community Foundation - currently serving on the Board of Directors.
Board of Directors, Worthen Banking Corporation.

13. Political affiliations and activities:
(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and officers held in and services rendered to all political parties or election committees during the last 10 years.

Served as State Finance Chairman for David H. Pryor's successful campaign for Governor of Arkansas.
Served as State Finance Chairman for David H. Pryor's successful campaign for United States Senate.

(c) Itemize all political contributions to any individual, campaign, organizations, political party, political action committee, or similar entity of $50 or more for the past 10 years.

I have contributed to many local, state and federal candidates, to industry PAC's and to campaigns for various local, state and federal issues. All contributions have been within proper legal limits, but they are too numerous to recall.

14. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Recipient of 1982 Director of the Year Award from Worthen Banking Corporation.
War Memorial Stadium Commission, appointed by the Governor of Arkansas and served until 1980.
State Banking Board (regulates all state chartered banks in Arkansas), appointed by Governor of Arkansas in 1980. Served as Chairman 1981.
Arkansas State Chamber of Commerce - Recipient of 1979 Little Rock Community Achievement Award.

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15. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None.

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None.

17. Selection:

(a) Do you know why you were chosen for this nomination by the President?

I imagine that I was recommended for the nomination by Senator David Pryor.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My business career has centered around finance and financial investments. I have served as President of my own firm and have been employed in a leadership capacity in a national insurance firm for many years. My service on the Arkansas State Bank Board and the Board of Worthen Banking Corporation have also given me experience in managing financial institutions and investments.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

No.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

I plan to continue as Managing Director of Marsh & McLennon, Inc.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

I plan to continue in my current position during and after my term.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, which ever is applicable?

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers?

I have normal compensation agreements with my current employer, Marsh & McLennon, Inc.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

Marsh & McLennan, Inc. has an investment subsidiary, The Putnam Companies, Inc., which might now or in the future provide investment advice to the Board. At this time I do not know whether Putnam provides any investment advice to the Board. I will abstain from any vote before the Board involving any transactions with Putnam.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Marsh & McLennan, Inc. has an investment subsidiary, The Putnam Companies, Inc., which might now or in the future provide investment advice to the Board. At this time I do not

know whether Putnam provides any investment advice to the Board. I will abstain from any vote before the Board involving any transactions with Putnam.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

I have written letters and advocated legislation in favor of local, state and national charitable institutions and community organizations.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

Marsh & McLennan, Inc. has an investment subsidiary, The Putnam Companies, Inc., which might now or in the future provide investment advice to the Board. At this time I do not know whether Putnam provides any investment advice to the Board. I will abstain from any vote before the Board involving any transactions with Putnam.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No, not to my knowledge.

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No, not to my knowledge.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

None personally.

I was a member of an Advisory Board to the Ben M. Hogan Company for a few years beginning in about 1983. The Advisory Board was established as a requirement by the Company's lender to review the financial condition of the Company. I never owned stock or had any other financial interest in the Company. The Company was convicted of some type of price-fixing charge, the details of which were never discussed at meetings of the Advisory Board. I had no knowledge of any of the facts on which the allegations were based other than information published in the newspapers. The Board ceased to exist shortly after the indictment.

I was a member of the Board of Directors of Worthen Banking Corporation during 1985 when it suffered a trading loss of about $50 million. The loss was investigated by all appropriate governmental regulatory agencies. As a member of the Board of Directors of Worthen Banking Corporation, I was named a defendant in a stockholders derivative suit involving the $50 million trading loss. The suit was settled recently on terms with respect to which I incurred no personal liability of any kind or sort.

I was a member of the State Banking Board, beginning in 1980, and, at some point in time, some type of civil litigation or administrative action took place over the issue of whether I was, from a standpoint of geographical location, qualified to hold the position.

4. Have you ever been convicted (including pleas of guilty or nolo contender) of any criminal violation other than a minor traffic offense?

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

PREHEARING QUESTIONS FOR
JAMES ATKINS, MEMBER
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

1. Were any conditions, express or implied, attached to your nomination for reappointment as a member of the Federal Retirement Thrift Investment Board?

   No.

2. Have you made any specific commitments with respect to the basic policies and philosophy which you will follow while a Member of the Thrift Board?

   No.

3. To your knowledge, did persons representing interests that could be influenced by the Thrift actively support or endorse your reappointment? If so, please explain.

   No.

4. Is there any issue currently under consideration by the Thrift Board, or any which may come under consideration, from which you may have to disqualify yourself? If so, please explain.

   Not to my knowledge.

5. Do you have any interest in any corporation, partnership, association, or other entity whose interest may be affected significantly by the Board?

Marsh & McLennan, Inc. has an investment subsidiary, The Putnam Companies, Inc., which might now or in the future provide investment advice to the Board. At this time I do not know whether Putnam provides any investment advice to the Board. I will abstain from any vote before the Board involving any transactions with Putnam.

II. ROLE AND RESPONSIBILITIES OF THE POSITION TO WHICH NOMINATED

1. What do you believe are the most important responsibilities of the position to which you are nominated and what challenges do you expect to face?

Members of the Board must act prudently in adopting investment policies for the Board. Since investment vehicles are rapidly changing, the Board faces the challenge of utlizing the best investment vehicle available at any time.

2. What contributions do you feel you can make to the Thrift Board as one of its Members?

My background in the finance industry, through my own insurance firm and from serving on the Boards of a national bank and of the State Bank Department, should be of benefit to the Board.

III. ROLE OF THE THRIFT BOARD

1. How do you view the role and responsibilities of the Thrift Board?

The Board should adopt overall policies for the administration of the Thrift Savings Plan and review the implementation and operation of the Plan.

2. The Thrift Board is an independent agency. What do you consider to be the proper relationship between the Board and the President and the Congress?

The Board should exert its duties in establishing investment policies independently, but close cooperation among the Board, the Administration and the oversight committees of Congress is essential to the efficient operation of the Plan.

3. On what model do you think the Board should operate -- a private pension plan or a federal agency model? On what statutory basis do you base your view of the function of the Board?

Although I expect to formulate more specific opinions after gaining experience from service on the Board, I anticipate that the Board will have some characteristics of both. The Board should exercise its duties in a prudent manner, cognizent of its fiduciary responsibilities (5 U.S.C. §8477), like a private pension plan. But the Board is clearly a Federal agency (5 U.S.C. §8472(a)) and, as such, is subject to rules pertaining to public service.

4. How do you view the current statutory division of responsibilities between the Board members, as policy-makers, and the Executive Director, the chief executive officer of the agency?

(5618A/081088)

5 U.S.C. §8472 describes the responsibilitlies of the Board and 5 U.S.C. §8474 describes the responsibilities of the Executive Director. Generally, the Executive Director is responsible for the day-to-day management of the Plan and the Board is charged with oversight and supervision.

A. Do you consider the Executive Director to be accountable to the Board Members for his actions and decisions?

Yes.

B. Should there be oversight or reporting mechanisms available to the Board Members to keep them apprised of, or to allow evaluation of, actions or decisions taken by the Executive Director?

Yes.

5. Should Board members have any management responsibilities in addition to their policy-making duties?

No.

6. Do you consider a long-term planning policy for the Board to be required by the statute?

Although not specifically required by the statute, prudent operation of any institution requires long-term planning. Therefore, I believe it is an implied part of the Board's duties.

7. Do you believe the current funding system is adequate? Are there any changes you would like to see made?

I anticipate forming an opinion about this matter after gaining experience from service on the Board.

IV. OPERATIONS OF THE THRIFT BOARD

1. How would you describe the functions of the Thrift Board?

5 U.S.C. §8472 states that the Board shall establish policies for the investment and management of the Thrift Savings Fund and the administration of the Plan; review the performance of investments made for the Fund; and review and approve the budget of the Board.

2. Are there any steps or improvements you would like to see undertaken to make the operations of the Board more effective?

I anticipate forming an opinion about this matter after gaining experience from service on the Board.

3. Do you question the need for any service currently provided by the Board?

I anticipate forming an opinion about this matter after gaining experience from service on the Board.

V. RELATIONS WITH CONGRESS

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

A. BIOGRAPHICAL INFORMATION

1. *Name:* Stephen Emmet Bell

2. *Position to Which Nominated:* Member, Federal Retirement Thrift Investment Board

3. *Date of Nomination:* August 10, 1988

4. *Address:* 110 N. Montague Street, Arlington, VA (Home)
1455 Pennsylvania Ave., NW, Suite 350
Washington, D.C. 20004 (Office)

5. *Date and Place of Birth:* 3-18-44
Walla Walla, Washington

6. *Marital Status:* Married to Maria Esperanza Sisneros (Bell)

7. *Names and Ages of Children:* Michael Wayne Bell, age 25
Andrea Lynne Bell, age 20
Kathryn Marie Bell, age 23

8. *Education:*

UTexas El Paso, El Paso, Texas	8-66 to 8-72	M.A.
UTexas El Paso, El Paso, Texas	9-62 to 5-65	B.A.
U of Oklahoma, Norman, Oklahoma	1-67 to 5-67	None
Westchester CC, Valhalla, N.Y.	9-61 to 5-62	None
Pelham H.S., Pelham N.Y.	9-60 to 5-61	None
Austin H.S., El Paso, TX	9-57 to 5-60	None

9. *Employment Record:*

3/86 to Present: Vice President and Manager, Washington D.C. office, Salomon Brothers Inc, 1455 Pennsylvania Ave., N.W., Washington, D.C. Supervisor: John Gutfreund. Investment Banking.

2/74 to 3/86: Professional Staff Member, United States Senate, as follows:
News Secretary, Office of U.S. Senator, Pete Domenici (R-NM), Washington, D.C.
Professional Staff Member, Committee on the Budget, United States Senate, for Sen. Pete Domenici.
Staff Director, Committee on the Budget, United States Senate, 1/81 to 3/86, Washington, D.C.

8/76 to 11/76: Republican National Committee, on leave from office of Sen. Pete Domenici, 301 1st St., S.E., Washington, D.C. Press Secretary. Supervisor: Eddie Mahe, Jr.

11/73 to 1/74: Department of Agriculture, ASCS, Washington, D.C. Information Specialist.

8/73 to 11/73: Echols for Attorney General, Arlington, Virginia. Campaign Manager. Supervisor: M. Patton Echols.

12/72 to 8/73: Public Information Office, Univ. of New Mexico, Albuquerque, N.M. Radio-TV Bureau Manager.

9. Employment Record (Continued):

7/72 to 11/72: Pete Domenici for United States Senate, Albuquerque, New Mexico. Press Secretary.

1/72 to 7/72: Tom Morris for United States Senate. Albuquerque, New Mexico. Press Secretary.

6/68 to 1/72: Public Information Office, University of New Mexico, Albuquerque, N.M. Radio-TV Bureau Manager.

2/68 to 5/68: Calvert Academy, 7101 Prospect Place NE, Albuquerque, N.M. Counselor.

1/67 to 1/68: Oklahoma Journal newspaper, 7420 15th St., Midwest City, Oklahoma. Reporter.

5/66 to 12/66: Fort Bliss News newspaper, Fort Bliss, Texas. Reporter, information specialist in Civil Service.

5/64 to 4/66: El Paso Times newspaper, El Paso, Texas. Sports reporter.

10. Government Experience: Listed above.

11. Business Relationships: None.

12. Memberships:
As follows:

Albuquerque Press Club, Albuquerque, NM	1975 - 1978
D.C. Writers Center, Glen Echo, Md.	1978 - 1980
U.S. Handball Association, Tuscon, AZ	1977 to Present
Ducks Unlimited, Federal City Chapter, Washington, D.C.	1986 to Present
YMCA/Washington, Arlington Branch, Arlington, VA	1976 to Present
U.S. Chess Federation, Windsor, NY	1984 to Present
D.C. Road Runners Club, Washington, DC	1985 to Present

No offices held in these organizations.

13. Political Affiliations and Activities:
As follows:

(a) None, other than noted in employment response above.
(b) None, other than noted in employment response above.
(c) $1,000 to Slade Gorton for Senate, 1986.
$ 250 to Butler Derrick for Congress, 1988
$1,000 to Dole for President, 1988
$ 500 to New Mexico State Republican Party, 1986
$ 500 to Abdnor for Senate, 1986
$ 150 to Ripon Society, 1987

14. Honors and Awards: None.

15. Published Writings: None.

16. Speeches: None.

17. Selection:

(a) *Do you know why you were chosen for this nomination by the President?* I understand that it was because I have experience in the private investment sector and knowledge of the system gained as a professional staff member, United States Senate.

(b) *What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?* I have experience in the private sector as a member of Salomon Brothers Inc, one of the largest investment banking firms in the nation, and knowledge of the law and the retirement system gained as a member of the professional staff of the Committee on the Budget, United States Senate.

B. FURTHER EMPLOYMENT RELATIONSHIPS

1. *Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?* No.

2. *Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government?* Yes. *If so, explain.* It is my understanding of the position for which I have been nominated that I may continue my present employment with compensation.

3. *Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.* Yes.

4. *Has anybody made a commitment to employ your services in any capacity after you leave government service?* Not applicable. (See 1-3 above).

5. *If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?* Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. *Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.* I receive salary, potential annual bonus, stock options, and deferred compensation through my employment with Salomon Brothers Inc.

2. *Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.* None.

3. *Describe any business relationship, dealing or financial transaction which you have had during the past 10 years whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.* None.

4. *Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.* As Vice President and Manager of the Washington, D.C. office of Salomon Brothers Inc, I have attempted to influence the modification of legislation.

5. *Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.* I will resolve any potential conflicts of interest either by recusing myself from consideration of the matter at hand that may cause a potential conflict or by consulting with counsel in advance for appropriate guidance.

6. *Do you agree to have written opinions provided to the Committee by the designated agency ethics office of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?* Yes.

D. LEGAL MATTERS

1. *Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group?* No.

Legal Matters (Continued):

2. *Have you ever been investigated, arrested, charged or held by any Federal, State, or other legal enforcement authority for violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense?* Yes.
If so, provide details. As follows:

(a) Received probation without verdict in the matter of common law assault from Maryland District Court, Upper Marlboro, MD and given two years unsupervised probation. Records later stricken under court order. Date of verdict: 3/23/76.

(b) Civil suit from incident in (a) above was filed and not pursued after insurance company settlement.

(c) Arrested as teenager, 12/23/62, El Paso, Texas, on a charge of breaking and entering a vehicle. Case dismissed as not warranting prosecution by District Attorney, 34th District, 12/11/63. El Paso Police file #58934.

3. *Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation?* No.

4. *Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?* Yes. See answer under Legal Matters, 2(a) above.

5. *Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.* None, except as listed in this and related filings.

E. FINANCIAL DATA

(Retained in Committee files.)

PREHEARING QUESTIONS FOR
STEPHEN BELL, NOMINEE
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

1. *Were any conditions, express or implied, attached to your nomination for reappointment as a member of the Federal Retirement Thrift Investment Board?* No

2. *Have you made any specific commitments with respect to the basic policies and philosophy which you will follow while a Member of the Thrift Board?* No

3. *To your knowledge, did persons representing interests that could be influenced by the Thrift actively support or endorse your reappointment?* No. *If so, please explain.*

4. *Is there any issue currently under consideration by the Thrift Board, or any which may come under consideration, from which you have to disqualify yourself? If so, please explain.* No

5. *Do you have any interest in any corporation, partnership, association, or other entity whose interest may be affected significantly by the Board?*

   Answer: Yes. I am a Vice President for Salomon Brothers Inc which is extremely active in the government securities market. The statute clearly contemplates that persons in my position shall serve on the Board, however. See 5 U.S.C. 8472(d). Furthermore, my position as a Board member is strictly a policy-making position because the decision-making authority rests with the Executive Director. Both private counsel and counsel for the Thrift Board have advised me that my serving as a member of the Board will present no direct conflict of interest.

II. ROLE AND RESPONSIBILITIES OF THE POSITION TO WHICH NOMINATED

1. *What do you believe are the most important responsibilities of the position to which you are nominated and what challenges do you expect to face?*

Answer: The FERS Act established the Thrift Board to oversee the investment and management of the Thrift Savings Fund, operated as part of the federal employees retirement system under P.L. 99-335. In addition, the Board has a mandate to review investment performance for the Fund and direct the work of the Executive Director and his staff. These mandates seems to me to present a clear picture of the most important responsibilities of a Board member: acting as a prudent fiduciary for the participants in the Thrift Savings Plan, devising overall policies for the Plan and the Fund, and exercising direction over the Executive Director and his staff as they execute these policies. Above all, a member of the Board must remember that he or she represents the long-term financial security interests of millions of federal workers.

2. *What contribution do you feel you can make to the Thrift Board as one of its Members?*

Answer: For 12 years, I was a member of the staff of the United States Senate. For the last five and one-half of those years, I was Staff Director of the Senate Budget Committee. I believe I can bring a unique perspective to the Board, a perspective that might prove useful. I understand the rationale behind the passage of the FERS Act, the expectations of the elected members of Congress who urged creation of the system, and the budget implications of the Fund. In addition, for the past two years, I have been associated with a large investment banking firm, one which has a substantial worldwide presence. I have learned what kinds of investments are prudent and appropriate for long-term gains, consistent with preservation of capital. My perspective, then, will be a combination of my work on the Hill and my work with Wall Street.

III. ROLE OF THE THRIFT BOARD

1. *How do you view the role and responsibilities of the Thrift Board?*

   Answer: The Thrift Board has specific statutory responsibilities, Under P.L. 99-335 (U.S.C. Sec. 8401 et. seq.) the first burden for a Board member is to act as prudent fiduciary, putting ahead of all other considerations the need to provide benefits to participants and their beneficiaries. The fiduciary must act "with care, skill, prudence and diligence" in the execution of his primary responsibility. The overall role of the Board is as a protector of future pension benefits for participants and, under the general concept of PL 99-335 as expressed in its legislative history, the Plan is an important supplement to other federal pension plans. The Board's role, then is to make sure that this new, third tier of pension benefits achieves investment growth objectives for participants.

2. *The Thrift Board is an independent agency. What do you consider to be the proper relationship between the Board and the President and the Congress?*

   Answer: The Thrift Board's role and responsibilities are governed by an act of Congress. Clearly, if the Congress passes new legislation changing the Board's mandate, and the President signs that legislation into law, then the Board and its members must act consistently with the new law. As long as present law governs, however, I believe that the Board is an independent agency, acting in a trustee capacity similar to the trustee capacity under ERISA (The Employee Retirement Income Security Act of 1974). The Senate Governmental Affairs Committee said in its report (S. 99-166) accompanying favorable action on S. 1527, "the Committee believes the political accountability of the Board members is important to ensure that the intent of the law is carried out. On the other hand, the Committee intends that investment decisions be made totally independent of the Board members and possible political pressures." As Sec. 8472 (b) and (c) make clear, members of the Board are political appointees, with the House, the Senate, and the President taking active roles.

3. *On what model do you think the Board should operate -- a private pension plan or a federal agency model? On what statutory basis do you base your view of the function of the Board?*

Answer: I base my view of the function of the Board upon both 5 U.S.C. Sec. 8401 et. seq. (especially Secs. 8431-40 and 8471-79) and the legislative history of the passage of P.L. 99-335. A legitimate interpretation of these two sources would indicate that the authors of the legislation envisioned that the Thrift Plan would be a "third tier" or supplement to the underlying federal pension plan (in the form of a defined contribution plan). Underlying the Thrift Plan are the defined benefit plan and Social Security. Thus, the Board has responsibility of the defined contribution plan. The legislative history makes clear that the authors took into account how such plans work in the private sector and the relationship of the trustees of such private sector plans to ERISA. In sum, the Board seems a hybrid creature: it has responsibilities for a federal sector diverse/workforce which participates in the plan and its job is to prudently invest the monies of those participants; at the same time, it must exercise the same responsibilities as private pension plan trustees under ERISA. The Board is an independent agency that functions as a trustee, and in my view should operate as a private pension plan trustees, within the constrainst outlined above.

4. *How do you view the current statutory division of responsibilities between the Board members, as policy--makers, and the Executive Director, the chief executive officer of the agency?*

Answer: The Board members contribute generally applicable broad advice on policy matters but the Executive Director actually makes and executes all decisions and transactions, including directing investments and transferring funds. I believe this division of labor is well-conceived. If the Board is to utilize expertise from the private sector, some form of separation between policy decisions and individual investment decisions is essential.

A. Do you consider the Executive Director to be accountable to the Board Members for his actions and decisions?

Answer: The Executive Director is accountable to the Board member for his actions and decisions, according to the statute. Although the Board members cannot intervene and override his day-to-day implementing decisions, there is a provision for dismissal of the Executive Director if he does not perform his duties properly. 5 U.S.C. 8472(3) (g) (1) (c).

B. Should there be oversight or reporting mechanisms available to the Board Members to keep them apprised of, or to allow evaluation of, actions or decisions taken by the Executive Director?

Answer: I believe that the regular meetings of the Board, combined with the clear oversight and guidance responsibilities conferred upon the Board by statute, should be sufficient under normal circumstances for the Board to exercise its direction and supervision of the Executive Director and his staff. If, upon sufficient experience as a member of the Board, I judged that such regular meetings of the Board were not a sufficient mechanism to exercise its oversight responsibilities, then I might consider some other formalized mechanism.

5. *Should Board members have any management responsibilities in addition to their policy-making duties?*

Answer: No. I believe the statute is clear, especially in light of the relevant legislative history. Board members are to set policy, ensure that these policies are prudent, to act as fiduciaries, to oversee and guide the work of the Executive Director and his staff, but are <u>not</u> to exercise day-to-day management and investment responsibilities.

6. *Do you consider a long-term planning policy for the Board to be required by the statute?*

Answer: 5 U.S.C. Section 8472 (f) outlines the responsibilities of the Board. That Section mandates, among other things, that the Board "shall establish policies for the investment and management of the Thrift Savings Fund ... and take such other actions as may be necessary to carry out the functions of the Board." Thus, it seems that the statute would allow long-range planning as a prudent and proper function of the Board; the statute, however, does not appear to mandate such planning. Nevertheless, 5 U.S.C. Sec. 8475 mandates retirement-based policies and, therefore, it seems logical to have long-term planning so that the Board can best set policies and goals. Thus, the Executive Director and his staff could implement short-term chores with long-range policies and goals in view.

7. *Do you believe the current funding system is adequate? Are there any changes you would like to see made?*

From what I understand, present funding is sufficient and I am not familiar enough with the intricacies of additional funding needs, if any, to advocate any changes.

IV. OPERATIONS OF THE THRIFT BOARD

1. *How would you describe the functions of the Thrift Board?*

Answer: The functions of the Thrift Board are outlined in 5 U.S.C. Sec. 8472 and can be summarized as follows:

a. Establish policies for the investment and management of the Thrift Saving Fund;

b. Establish policies for the administration of (the Thrift Savings Plan) subchapter III of this chapter;

c. Review the performance of investments made for the Thrift Saving Fund;

d. Review and approve the budget of the Board;

e. Adopt, alter, and use a seal;

f. Direct the Executive Director to "take such action as the Board considers appropriate to carry out the provisions of this subchapter and subchapter III of this chapter and the policies of the Board;

g. Remove the Executive Director from office for good cause, with the concurring votes of four members of the Board;

h. Take such other actions as may be necessary to carry out the functions of the Board.

2. *Are there any steps or improvements you would like to see undertaken to make the operations of the Board more effective?*

Answer: Until I am familiar on a day-to-day basis with the operations of the Board and its relationship to its tasks, it seems presumptuous of me to suggest changes or recommend new steps.

3. *Do you question the need for any services currently provided by the Board?*

Answer: Again, I believe it presumptuous of me to recommend changes or to suggest revisions until I am more familiar with the intricacies of the day-to-day activities of the Board.

V. RELATIONS WITH CONGRESS

1. *Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?*

Answer: Yes

2. *Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?*

Answer: Yes

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1) Name:

John David Davenport

2) Position to which nominated:

Federal Retirement Thrift Investment Board Member

3) Date of nomination:

August 8, 1988

4) Address:

Residence: 1103 West St. Andrews Drive
Edmond, Oklahoma 73034

Office: 6307 Waterford Boulevard, Suite 235
Oklahoma City, Oklahoma 73118

5) Date and place of birth:

September 8, 1936 - Wichita Falls, Texas

6) Marital status:

Married to Patsy Ruth Splawn Davenport

7) Names and ages of children:

Alexis Lee Davenport	Age 32	(01-02-56)
David Mark Davenport	Age 31	(02-23-57)
Lisa Alane Davenport Lavender	Age 27	(07-24-61)
Patricia Lee Davenport	Age 18	(08-10-70)

8) Education: (Secondary and higher education institutions, dates attended, degree recorded and date degree granted.)

Wichita Falls High School - Graduated 1954
Attended Midwestern University, Wichita Falls, Texas
Dates: 1954, 1955 and 1956 (No Degrees)

9) **Employment record: (All jobs held since college, including the title or description of job, name of employer, location of work and dates of employment.)**

1987	Pres.	Landmark Financial Corp. CEO/Chairman	Oklahoma City
1987	Pres.	Davenport Investment Corp. President	Oklahoma City
1982	Pres.	Public Employee Benefit Services Corporation (PEBSCO) Consultant	Columbus, OH
1976	Pres.	Massachusetts Financial Services Consultant	Boston, MA
1973	1982	Public Employee Benefit Savings Corporation (PEBSCO) Founder/President/CEO	Oklahoma City
1968	1971	American Presidents Life Ins. Chairman/CEO	Southfield MI
1963	1968	Davenport-Dillard Inc. Founder/President	Washington DC
1958	1963	Telsco Industries Sales/Marketing	Garland, TX
1956	1958	Proctor & Gamble Sales/Marketing	Dallas, TX
1954	1956	Lone Star Gas Company Sales	Wichita Falls

10) Government experience: (Advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.)

a) 1987 Pres. Federal Retirement Thrift Investment Board Member

b) 1973 1982 Chairman/Public Employee Benefit Savings Corporation (PEBSCO) - Served as Advisor/Consultant to numerous States and quasi-governmental organizations in the development of both legislative and regulatory authority for the establishment of Public Employee Savings Investment Plans, including: (1) National Association of Counties, (2) United States Conference of Mayors, (3) The States of Oklahoma, Missouri, Massachusetts, North Carolina, South Carolina, Arizona, New Mexico, Wisconsin, Alabama, Maryland, Kentucky.

11) **Business relationships: (All positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, educational or other institution.)**

Public Employee Benefit Services Corp. (PEBSCO)
(Subsidiary of Nationwide Life Insurance Co.)
Consultant
The Clarendon Insurance Agency/Massachusetts Financial Services/SunLife - USA
Consultant
The Quail Creek Bank, N.A.
Chairman
Landmark Financial Corporation
CEO/Chairman
Davenport Investment Corporation
President
Randolf Pitt Energy Company (Oil and Gas Exploration)
Chairman
Appalachian Community Service Network (Non-profit)
Director
Group of Eight/Red Oak Group (Real Estate Investment)
Partner
NACo Presidential Scholarship Fund (Non-Profit)
Trustee
Centennial Farms Gold Partnership (Thoroughbred Racing Investment)
Partner
Centennial Farms 1988 Stallion Share Ltd. Partnership
Partner
Chandler Heights (Real Estate Investment)
Partner
Accord-QCR (Real Estate Investment)
Partner
SDS, Inc. (Restaurant and Real Estate Investment)
Partner
Ashing Square Shopping Center (Real Estate Investment)
Partner
DOO Partnership (Real Estate Investment)
Partner

12) **Memberships: (All memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.)**

Member - Quail Creek Golf and Country Club
Oak Tree Golf Club
Oak Tree County Club
Detroit Athletic Club

13) **Political affiliations and activities:**

(a) **List all offices with a political party which you have held or any public office for which you have been a candidate.**

RESPONSE: None

(b) **List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.**

RESPONSE: I have never run for political office, nor served on any political committee for a particular candidate or party. To the best of my knowledge, I have not been identified in a public way with any particular organization, candidate or issue other than the reporting requirements which might have resulted from my making a political contribution to a given candidate or party.

(c) **Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more for the past 10 years.**

(See Biographical Information - Exhibit A - Political Contributions)

14) Honors and awards: (All scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.)

RESPONSE: None

15) Published writings: (Titles, publishers, and dates of books, articles, reports, or other published materials which you have written.)

RESPONSE: None

16: Speeches: (Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years, which you have copies of and are on topics relevant to the position for which you have been nominated.)

RESPONSE: None

17) **Selection:**

(a) **Do you know why you were chosen for this nomination by the President?**

RESPONSE: I was recommended by Congressman William D. Ford because of my 25 years of specific experience and direct involvement in the explicit area of tax sheltered savings and investment programs, within the governmental/public employee arena.

(b) **What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?**

RESPONSE: For the past 25 years I have been virtually exclusively involved in the design, implementation, marketing and administration of both qualified and non-qualified individual retirement savings and investment plans. In 1974, I was the founder, chairman and chief executive officer of the Public Employee Benefits Service Corporation (PEBSCO), which was created to work exclusively with city, county and state governments in the design, administration, marketing and management of tax sheltered savings and investment programs for public employees. PEBSCO was originally based in Oklahoma City and in 1982 was sold to the Nationwide Insurance Group of Columbus, Ohio.

In this capacity, I was directly involved with many of the Nation's largest states, cities and counties, as well as two of the Nation's leading public interest trade organizations - the National Association of Counties and the U.S. Conference of Mayors. In this role, I headed the design and development efforts, which led to the legislative and regulatory approvals of this entirely new employee benefit activity - Tax Sheltered Savings and Investment programs established to encourage public employees to voluntarily set aside a portion of their own current earnings into a tax sheltered savings and investment plan designed to enhance their future individual and family financial security. This is exactly the same premise and purpose of the Federal Thrift Plan.

During this time, PEBSCO became the Nation's largest organization in this activity. PEBSCO was, and still is, responsible for the development of the Nation's two largest public employee savings

plans established by the National Association of Counties and the U.S. Conference of Mayors. These programs extend the tax advantaged opportunities, investment benefits, administrative support services and nation wide employee communication support services of one consolidated and comprehensive program to over 2,000,000 public employees and over 2,000 cities and counties throughout the United States, including such major units as: Chicago, Philadelphia, Washington D.C., Boston, Dallas, St. Louis, Fort Worth, El Paso, Memphis, Nashville, Mobile, New Orleans, Tampa, Orange Co., Ca., Dade County, Fl., Birmingham and Oklahoma City, Baltimore, etc.

In addition, PEBSCO acts in a similar capacity to a number of states, including Massachusetts, Maryland, Alabama, North Carolina, Arizona, New Mexico, Missouri and Wisconsin.

Since 1982, I have not been an active principal in PEBSCO, but stayed on as Chairman and as a consultant until 1986, and presently remain as a consultant under a long term management consultant agreement.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1) Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

RESPONSE: No. I am advised by the Agency Ethics Officer that my present business activities do not pose a conflict.

2) Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during you service with the government? If so, explain.

RESPONSE: Yes. I intend to continue the same business activities detailed in this report.

3) **Do you have any plans, commitments or agreements after completing government service to resume employments, affiliation or practice with your previous employer, business firm, association or organization?**

RESPONSE: Not applicable.

4) **Has anybody made a commitment to employ your services in any capacity after you leave government service?**

RESPONSE: No

5) **If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?**

RESPONSE: Yes

C. POTENTIAL CONFLICTS OF INTEREST

RESPONSE: It should be noted that my entire business background for the past 25 years (including my present ownership and responsibilities as Chairman of the Board of Landmark Financial Corporation, and 50 percent co-owner of such corporation) has been very much involved with major United States financial institutions, who are involved in the underwriting of insurance products; investment companies who are involved in the management of mutual funds and other types of investment trusts; stock brokerage firms, which offer and sell investment products; and Banks or Thrifts with whom we have established many different types of business relationships.

I can and will confirm that none of these relationships, in which I have any economic interest, will in any way attempt to offer products or services to the Federal Retirement Thrift Investment Board.

I cannot, however, prevent nor it would be in the best interest of the FRTIB to exclude one or more of these present and future companies with whom I might have some remote business relationships, should they seek to offer non-related products and/or services to the FRTIB. For example, both Price Waterhouse and Peat Marwick, who

are providing certain types of auditing and consulting services related to FRTIB activities, have business relationships with two of the companies with whom I have business relationships, i.e., Landmark Financial and PEBSCO/Nationwide.

All of these relationships - past, present and prospective - have been and will continue to be discussed openly with the Executive Director of the FRTIB and the general counsel.

While there would be no way in which I might directly or indirectly benefit from such activity - and further, since the statutory language prevents any FRTIB member from exercising any input, influence or control over such a competitive selection decision, I would not see that there would be any potential for any such conflict.

However, it would be my intent that should any such situation arise - I would make known to the Executive Director, the general counsel and Members of the FRTIB the facts surrounding such situation and take whatever steps were necessary to eliminate even the conflict.

I have been expressly informed by the Ethics Officer of the Board that these relationships do not present a conflict. (See Exhibit B)

1) Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

(See Exhibit B - Potential Conflicts of Interest)

2) Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

(See Exhibit B - Potential Conflicts of Interest)

3) Describe any business relationship, dealing or financial transaction which you have had during the last 20 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

(See Exhibit B - Potential Conflicts of Interest)

4) **Describe any activity during the last 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.**

RESPONSE: In 1977-1978, I was active in providing technical support to the United States Conference of Mayors and the National Association of Counties, in securing the passage of legislation which authorized public sector deferred compensation plans.

Further, during the 1970's and early 1980's, I worked in several states to secure enabling legislation which authorized the creation of public sector savings and investment plans. These included Oklahoma, Missouri, Florida, Massachusetts, Louisiana, Alabama, Arizona, Minnesota, North Carolina, South Carolina.

In addition, my companies were active in securing necessary governmental resolutions authorizing the creation of these type plans in hundreds of cities and counties throughout the United States.

5) **Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)**

(See Exhibit B - Potential Conflicts of Interest)

6) **Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?**

RESPONSE: Yes

D. LEGAL MATTERS

1) **Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.**

RESPONSE: In 1973, I was the subject of a complaint made to the National Association of Securities Dealers (NASD) by a business associate with whom I had a personal dispute. The matter was heard by an examiner for the NASD and was immediately dismissed.

To the best of my knowledge, in over 25 years of continuous registration with the NASD as a securities principal, and with countless other state insurance and state securities agencies, neither I nor any company with whom I have had any involvement have ever been disciplined, fined or even cited for actual or any alleged business or professional breaches.

2) **Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.**

(See Exhibit C - Legal Matters)

3) **Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.**

RESPONSE: I have only been involved in two minor "civil actions", which have been resolved, and one that was just recently filed. (1) In 1972/73, I was individually named in a civil suit as a defendant in an action brought by a vendor against a partnership in which I was a limited partner in Detroit, Michigan. This action never reached a civil court decision and was settled. (2) In 1985, a suit was filed by a general partner (Dr. Jay Don Harris) of Oklahoma City, which named me without knowledge or consent as a plaintiff in a suit to recover disputed payments from Los Angeles businessman Ralph Cook and Cardinal Studios. After

discussions, I was dropped as a plaintiff in the suit. (3) In June 1985 I was named individually and as a partner in University Place Joint Venture, which owned real estate in Texas, in a suit filed by Alan B. Sadler, in connection with the purchase and sale of real estate.

4) Have you ever been convicted (Including pleas of guilty or nolo contendere) or any criminal violation other than a minor traffic offense?

RESPONSE: None

5) Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

RESPONSE: None

E. FINANCIAL DATA (Retained in Committee files.)

PRE-HEARING QUESTIONS FOR THRIFT BOARD

John David Davenport, Nominee

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

1) Were any conditions, express or implied, attached to your nomination for reappointment as a member of the Federal Retirement Thrift Investment Board?

RESPONSE: None

2) Have you made any specific commitments with respect to the basic policies and philosophy which you will follow while a Member of the Thrift Board?

RESPONSE: None

3) To your knowledge, did persons representing interests that could be influenced by the Thrift actively support or endorse your reappointment? If so, please explain.

RESPONSE: No

4) Is there any issue currently under consideration by the Thrift Board, or any which may come under consideration, from which you may have to disqualify yourself?

RESPONSE: None

Have there been any such issues during your service on the Thrift Board? If so, please explain.

RESPONSE: None

5) Do you have any interest in any corporation, partnership, association, or other entity whose interest may be affected significantly by the Board:

RESPONSE: None

II. ROLE AND RESPONSIBILITIES OF THE POSITION TO WHICH NOMINATED

1) What do you believe are the most important responsibilities of the position to which you are nominated and what challenges do you expect to face?

RESPONSE: To provide input and influence to assure the development and enforcement of a policy process which results in the following goals and objectives:

(a) Comprehensive fiduciary and financial integrity;
(b) Operational effectiveness and efficiency, which promote and assure maximum employee benefits at minimum cost;
(c) Broad based and wide-spread employee awareness, understanding, confidence and subsequent participation;
(d) The highest level and quality of employee responsiveness and support services, assuring the employees access, satisfaction, and positive results;
(e) Continued management awareness, monitoring and oversight of all phases of the Plan's operations, thus assuring operational performance effectiveness, with a strong commitment to enforcement of organizational and administrative policy disciplines.

2) What contributions do you feel you can make to the Thrift Board as one of its Members:

RESPONSE: I feel that my business background qualifies me to make contributions in general as well as explicit areas:

(a) To provide input and oversight into the policy process governing the general design, operations and discipline of the overall plan;
(b) Support for the specific design of employee communications activities, which themselves will hopefully produce an effective level of employee participation and satisfaction;
(c) Support for the design of comprehensive employee support service systems, which establishes the level and quality of services;
(d) Support for the design of evaluation standards which will, in time, provide the basis to monitor not only the investment performance but also the operational performance of the program with respect to employee participation, employee satisfaction, and cost and expense ratios;

III. ROLE OF THE THRIFT BOARD

1) How do you view the role and responsibilities of the Thrift Board?

RESPONSE: In general, I feel the responsibility of a Member is to basically assure three specific activities:

(a) That the Thrift Board implement and enforce a broad series of policies which establish the basis by which the Executive Director shall conduct the affairs of the overall program to fulfill the statutory requirements of Public Law 99-335, our fiduciary obligations as Members of the Board, the objections and intent of the Plan, as conceived by Congress - to make the Plan a meaningful part of every Federal employee's future financial security;

(b) To make certain that the policies support a pro-active commitment to foster wide-spread employee awareness, understanding, confidence and participation in the Program;

(c) To review and oversee the development and enforcement of the Program's budgets and to use our best efforts to make certain that the financial activities result in the best level of benefits for the employees at the lowest possible cost;

(d) To provide such management oversight and enforcement of policies as is necessary to assure the operational integrity, effectiveness and success of the program, at all times acting as a fiduciary whose sole interest is the benefit of the employee participant and their families.

SUMMARY

It is my personal opinion that the Board Members -acting as a group - are responsible for providing the Executive Director with a broad organizational and management mission and disciplines through the framework of a broad policy structure supporting and implementing the statutory intent of the Public Law.

It is clearly the responsibility of the Executive Director to implement the day-to-day operations of the Program consistent with the disciplines of a broad policy framework.

2) The Thrift Board is an independent agency. What do you consider to the be proper relationship between the Board and the President and the Congress?

RESPONSE: It is my opinion that the authority assigned to the Board Members, by Public Law 99-335, has established an excellent basis for the relationship between the Thrift Board, its Members, and the President, as well as Congress.

Thus far, in my limited tenure, it has seemed to me that the process has worked very well.

3) On what model do you think the Board should operate --a private pension plan or a federal agency model? On what statutory basis do you base your view of the function of the Board?

RESPONSE: It seems to me, again, that the present statutory language defining the various authorities and responsibilities is reasonably clear. It is my personal opinion that the statutes defining these roles give very specific responsibility for the development of policies to the individual Members of the Thrift Board and the Board as a group.

I do not see any problem with the statutory basis as defined in this legislation. I think that the Board Members, as a group, will continue to develop policies which will more clearly define questions which might arise surrounding certain responsibilities of either the Board, its Members as individuals, and/or the Executive Director and his staff.

4) How do you view the current statutory division of responsibilities between the Board Members, as policy-makers, and the Executive Director, the chief executive officer of the agency?

A. Do you consider the Executive Director to be accountable to the Board Members for his actions and decisions:

RESPONSE: Yes, I do consider the Executive Director to be accountable to the Board Members for his actions and decisions, with the exceptions of those exclusive provisions which by statute are solely in his personal province.

B. Should there be oversight or reporting mechanisms available to the Board Members to keep them apprised of, or to allow evaluation of, actions or decisions taken by the Executive Director?

RESPONSE: Yes, there should be oversight and reporting mechanisms which keep Board Members constantly apprised of any actions or decisions taken by the Executive Director, especially those that might be outside the policy framework. In addition, there should be and in some cases are periodic reports for Board Members to keep them aware of key operational aspects of the Plan's performance and effectiveness, such as, employee participation, costs as identified as a percentage of assets or a specific dollar amount per employee participant, audit and/or oversight matters from external auditors (the GAO, the Department of Labor), various levels of efficiency performance with respect to operational activity and efficiencies, etc., etc. This will improve as the Program develops.

C) During your tenure as a member of the Thrift Board, have performance standards for the Executive Director been established and has the performance of the Executive Director been evaluated by the Board Members?

RESPONSE: No. There have been no specific or written performance standards which have been established for the Executive Director. Although they have been discussed many times, because of internal disagreements as to both the priorities of the staff and the Board, and the question of how do you establish such performance standards, especially when they have such subjective perspectives - there has been no resolution of the matter.

It seems to me that the performance of the Executive Director is constantly evaluated by the Board in reviewing the performance of the program relative to the requirements set forth by the broad policies. To date - because of many reasons, but primarily due to the newness of the Plan and the impossible demands and requirements of the staff to get this Plan operational during the first year - emphasis has been given to supporting those activities which are critical to the day-to-day plan, and not to organizational planning and policy development.

5) Should Board Members have any management responsibilities in addition to their policy making duties?

RESPONSE: It has been made clear to me, in discussions with members of Congress, that the original intent was

that the Board Members should be responsible for policy development and oversight and not be involved in micro-management activities.

Clearly, the knowledge, experience and expertise these individuals bring to the Board by virtue of the prerequisites for Presidential appointments, should be expressed through the development of a comprehensive organizational and operational policy framework and subsequent oversight.

6) As a member of the Board, have you been consulted in establishing the agenda of Board meetings or in establishing Board policies? Do you view these as legitimate functions of the Board Members under the statute?

RESPONSE: While I am not "consulted" in establishing the agenda of the Board meeting - certainly with only one or two exceptions in the early stages - any issue which I have requested to be put on the agenda for Board discussion has been included.

Naturally, I am "consulted" in establishing Board policy, as I am a Member of the Board and involved in the discussions which lead to the development of policy.

Yes, I certainly would agree that both of these issues are very definitely legitimate functions of a Board Member.

7) Has the Board established a long-term planning policy or strategy? Do you consider such a long-term policy for the Board to be required by the statute?

RESPONSE: At this time, there has not been a great deal of emphasis given to a "strategic" or long range planning policy. This has obviously been a secondary consideration, since the most important issue was to get the program up and running in such a way as to meet not only the technical requirements of the statute, but also the operational and economic requirements of the Plan itself, including an incredible and complex operational, administrative and communication agenda.

It is my personal conviction that a Plan of this type must establish a long-term strategic plan, as well as supporting policy.

8) Do you believe the current funding system is adequate? Are there any changes you would like to see made?

RESPONSE: It is my current opinion that the present funding system, as modified by recent legislative changes concerning the allocation of administrative expenses, and with the present accrual accounting activities, is adequate.

9) What actions have you taken, or plan to take, to increase the number of federal employees who participate in the FERS program?

RESPONSE: One rather important question is who has the authority and/or responsibility for promoting and expanding the actual level of employee understanding and subsequent participation. In my mind, it is implied as a function of the Program. However, the actual responsibility for employee communications and assistance appears to be the statutory responsibility of OPM. Despite this uncertainty of dual responsibility, there is no question that our Board does intend to support a far reaching employee participation.

I have consistently expressed my personal feeling and concerns for a more pro-active employee communication system.

I will continue to support the development of policy, which will specifically establish the objective of a more pro-active employee communications and advanced level of employee support services, and will support the Executive Director in plans and activities which I would anticipate he will be pursuing during 1989-1990 to accomplish these objectives.

IV. OPERATIONS OF THE THRIFT BOARD

1) How would you describe the functions of the Thrift Board?

RESPONSE: I think that I have already detailed most of my feelings regarding the "functions and responsibilities" of the Board in Question 1 from

Section III. However, for a more specific review, I would submit the follow considerations:

(a) To formulate broad policy establishing the operational framework necessary to guide the implementations and requirements of Public Law 99-335;

(b) To oversee the investment policy considerations, investment evaluation and oversight requirements of all investments pursuant to Section 8472;

(c) To oversee the development of a cost effective budget - disciplined to reflect minimum cost, but which would support the implementation and delivery of a high quality operational, administrative and employee service support system;

(d) To enforce the broad policy requirements through Board review in such a manner as to insure and maintain the delivery of a successful, effective program implemented by the Executive Director, which delivers high quality benefits and responsive employee services;

(e) To assure constant oversight for fiscal and operational integrity;

(f) To act at all times as fiduciaries, with the sole interest of advancing and insuring the interest of the employee participants and their beneficiaries;

2) Are there any steps or improvements you would like to see undertaken to make the operations of the Board more effective?

RESPONSE: Yes

(a) I am most interested in the development of our Phase V Systems and Operations Review, which I would hope would become the basis for developing a more and comprehensive operational strategy - both for near, medium and long-term requirements and the subsequent broad policy framework to implement those requirements.

This is on line for an early 1989 time frame.

(b) As part of the review and anticipated plan. I would hope that we would establish a more effective pro-active employee communication and service

system, designed to not only enhance increased penetration of employee participation, but at the same time designed to establish and maintain an extremely responsive employee service support system;

(c) I hope to see more specific performance evaluation systems, which would result from future policy development following the Phase V Review, by which we would be able to evaluate our program's performance and effectiveness in terms of, 1) comparative employee participations, 2) the level and quality of specific employee services and resultant employee satisfaction, and, 3) administration expense/cost factors - which, of course, have a very direct and major impact on the participant's actual long-term investment results.

3) Do you question the need for any services currently provided by the Board?

RESPONSE: No - my concerns are as stated.

V. RELATIONS WITH CONGRESS

1) Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

RESPONSE: Yes

2) Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

RESPONSE: Yes

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. Biographical information

1. Name: (Include any former names used.)
Bert H. Mackie

2. Position to which nominated:
Governor, U. S. Postal Service

3. Date of Nomination:
August 8, 1988

4. Address: (List current place of residence and office addresses).
Residence: 3218 Neilson, Enid, Oklahoma 73703
Office: Security Nat'l Bank, 201 W. Broadway, Enid, Okla 73701

5. Date and place of birth:
May 13, 1942 Ames, Oklahoma

6. Marital Status: (Include Maiden name of wife or husband's name.)
Married: Janice Marie Mackie
Maiden: Janice Marie Petru

Names and ages of children:
Son: Steven Wade Mackie, age 18
Son: David Lee Mackie, age 14

8. Education: List secondary and higher education institutions, dates attended, degree received and date degree granted.

Name of school	Dates Attended	Degree Received
Ames High School, Ames Okla	1956 to 1960	Diploma 1960
Okla State Univ., Stillwater, Okla	1960-1962	None
Phillips University, Enid, Okla	1965-1968	B.S. Degree 1968

9. Employment record: List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment

Description of Job	Employer-Location	Date of Employment
Executive Vice Pres & Director	Security Nat'l Bank Enid	1965 - Present
Sec/Treasurer & Director	Security Financial Services Corporation, Enid, Okla	1982- Present

10. Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.
(1) Oklahoma State Regents for Higher Education
(2) Regent Oklahoma College of Osteopathic Medicine and Surgery
(3) Co-Chairman of the State of Oklahoma Reorganization Commission
(4) Member of the Okla State Health Co-ordinating Council
(5) Member of several local task force

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11. Business Relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
(1) Security National Bank, 201 W. Broadway, Enid, Okla-Exec VP/Director
(2) Security Financial Service Corp. 201 W. Broadway, Sec/Trea/Director
(3) M & W Properties, 3218 Neilson, Enid- Wife is partner
(4) Homes Limited, Enid, Okla- Wife is owner
(5) Woolsey and Co., Inc, 101 N. Bdwy, Suite 500, Okla City-Registered Rep
(6) Smackover Exploration Inc, P. O. Box 1272, Enid-Treasurer
(7) Enid-Phillips University-Partnership
(8) Okla State Regents for Higher Education
(9) Board of Directors Okla Foundation for Excellence
(10)Oklahoma Higher Education System Foundation

12. Membership: List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable and other organizations.
(1) Vice President of Gov't Affairs-Director-Enid Chamber of Commerce
(2) Board of Directors-Enid Downtown Association
(3) Board of Directors-Joint Industrial Foundation
(4) Enid Elks Lodge
(5) Industrial Team-City of Enid
(6) Board of Directors-United Way of Enid
(7) Higher Education Task Force-Oklahoma Chamber of Commerce
(8) Knights of Columbus
(9) Enid Jaycees
(10) Enid Ambucs
(11) Oklahoma Banking Association
(12) Oklahoma Real Estate Commission
(13) National Association of Securities Dealers
(14) Fellowship of Christian Athletes

13. Political affiliations and activities:
(a) List all offices with a political party which you have held or any public office for which you have been a candidate.
None
(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
I have held no offices. Have supported Senators Boren and [illegible]kles,and Congressman English on the National Level; Governors Boren and George Nigh on the State Level and various local candidates.
(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more for the past 10 years.

1978-George Nigh-Okla Governor	$300.00
David Boren for U. S. Senate	100.00
Garfield Co Democrats	20.00
1979 George Nigh-Okla Governor	100.00
Carter/Mondale	100.00

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13. (c) continued

1980	None	
1981	Okla/Federal Bankpac	$ 12.00
1982	Bruce Harvey-Okla State Rep	100.00
	Robert Simpson " " "	200.00
	Dick Robinson-U. S. Congress	100.00
	George Nigh-Okla Governor	400.00
	George Nigh-Okla Governor	100.00
	Glenn English-U.S. Congress	50.00
	Dave McCurdy-U. S. Congress	100.00
1983	Garfield Co. Republicans	30.00
	Mel Spencer-Enid City Council	100.00
	David Boren-U. S. Senator	200.00
	Okla Political Action	50.00
1984	Glen English-U. S. Congress	100.00
	John McMillen-Okla State Rep	200.00
	Okla Political Action	25.00
1985	Mike Turpin-Okla Governor	50.00
	Okla Federal Bankpac	25.00
	Enid Water Election Committee	100.00
	Vivian Atchinson-Enid Council	100.00
1986	Don Nickles-U.S. Senate	1100.00
	Glen English-U.S. Congress	250.00
	David Walters-Okla Governor	100.00
1987	Okla Republican Party	100.00
	David Boren-U.S. Senator	500.00
	Enid/Phillips Univ Campaign	100.00
1988	Ed Long-Okla Senate	500.00
	Garfield Co Democrats	25.00
	Ok-Federal Bank Pac	25.00
	Glen English-U.S.Congress	100.00
	Jim Glover-Okla State Rep	100.00

14. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievement.
(1) One of Three Outstanding Young Oklahomans
(2) Boss of the year
(3) Jaycee International Senator
(4) U.S. Jaycees Ambassador
(5) Okla Jaycee Governor
(6) One of Five Outstanding State Presidents of U. S. Jaycees
(7) Life Member of the Oklahoma State University Alumni Association
(8) Regents Distinguished Service Award-Okla Osteopathic College

15. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.
None

. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.
None on topics relevant to this position.

17. Selection:
(a) Do you know why you were chosen for this nomination by the President?
Prior experience in financial & business management & public affairs
(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?
I have over 25 years experience in banking where I have served at all levels of management. As Executive Vice President, I oversee 60 employees in the operational area of the bank. Our turnover of personnel is remarkably low and our operational cost are very low compared to our peer group. We are well known in our community for giving good personal service to our customers. As Chief Financial Officer, I manage a $50,000,000 Investment Portfolio that provides good liquidity, safety and a good investment return for the bank. Banking has taught me the value of a dollar and the importance of good human relations. My involvement in local, state, and national organizations have been extensive. For 11 years I have gained good experience serving as an Oklahoma State Regent for Higher Education. We have the responsibility of managing Oklahoma's half billion dollar investment in our 26 colleges and universities. We grant all degrees, set tuition and fees, appropriate money, set standards and strive to eliminate unnecessary duplication in our state system. I have served on dozens of boards of all kinds and this experience has given me the ability to size up all kinds of situations and set good policies. My past performance proves that I can motivate people and manage efficiently. I have a strong desire to serve on the Board of Governors of the U. S. Postal Service because I perceive this to be a very exciting time in the history of the postal system. I will do my best to continue to build a good productive, competitive and responsive postal system that will meet the needs of our citizens.

B. Future Employment Relationships

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?
I plan to continue my present employment

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.
   I plan to continue my present employment

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm association or organization?
   Not applicable

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?
   I plan to continue present employment

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?
   Yes, I expect to serve my full 9 year term.

C. Potential Conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.
   My salary will continue from my employer, The Security National Bank of Enid, Okla. I will also receive rents from my wife's residential real estate.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.
   Several local post offices have depository accounts with the Security National Bank. The bank has a parking contract with the Enid Post Office. The lease is dated 3/3/86 at $300.00 per month and a 30 day notice to cancel.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
   None-unless item 2 is a conflict

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.
   Local level-Utility issues, purchase of University Real Estate and others.

Continue 4.
State Level: Banking, Economic and Educational issues
National Level: Banking and Economic issues such as:
Against Withholding of taxes on Bank interest and the securing of capital funds for Vance Air Force Base, Enid.
Presently working to secure Federal funding for a Wheat Pasture Research program

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.) Exhibit #1
I do not see a conflict of interest in any of my business dealings.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?
Yes

D. Legal Matters

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.
No

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.
No

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
Yes, my bank has been involved in the foreclosure of past due loans.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?
No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
I know of no unfavorable information that should be considered.

PRE-HEARING QUESTIONS FOR NOMINEE
BERT H. MACKIE
GOVERNOR, POSTAL BOARD OF GOVERNORS

1. NOMINATION PROCESS AND POTENTIAL CONFLICTS

1. Were any conditions, expressed or implied, attached to your nomination to be a Governor of the United States Postal Service?

None

2. What commitments have you made with respect to the policies and programs you will attempt to implement as a Member of the Board of Governors?

None

3. Are there any issues involving the Postal Service from which you may have to disqualify yourself? If so, please explain.

Yes. My Employer, The Security National Bank of Enid has an employee parking lease with the Enid Oklahoma Post Office. The lease is dated 3/3/86 at $300.00 per month and a 30 day notice to cancel. I will not participate in any future negotiations with the above.

4. Did you actively seek this nomination? Explain.

No

5. Why do you feel you are qualified to be a member of the Board of Governors and what contribution do you feel you can make to the Postal Service as a member of the Board?

I have over 25 years experience in banking where I have served at all levels of Management. I have evaluated and participated in major decisions involving capital expenditures, labor policies and other significant management issues. This experience will help me set good strong financial management policy for the Postal Service. My 11 years experience on the Oklahoma State Regents for Higher Education will help me make good decisions concerning education issues such as the extensive management development program of the Postal Service. I have served on dozens of boards of all kinds and this experience has given me the ability to size up all kinds of situations and set good policy. I will do my best to continue to build a good productive, competitive and responsive postal system that will meet the needs of our citizens.

II. RESPONSIBILITIES OF THE BOARD OF GOVERNORS

1. What is your view of the role of the Board of Governors of the Postal Service? What do you believe are its most important functions and responsibilities?

The Board of Governors establish the policy under which the Postal Service will operate including directing and controlling expenditures, reviewing its practices and the conduct of long range planning. The Governors also approve changes in rates and classes of mail. The Governors have the responsibility of selecting a competent and professional Postmaster General. The Governors must strive to make management decisions that are in the best interests of the users of the service; that labor relations are sound and consistent with both productivity needs and worker morale; and that the operations are consistent with the needs of the public. Meeting these objectives means that a reliable, efficient and broadly available service at the least possible cost is provided to the public.

2. How do you view the relationship of the Board of Governors to the Postal Service and, specifically, to the Postmaster General?

The Board of Governors directs the policies and practices of the Postal Service which are implemented by the Postmaster General and the management group. The Governors select the Postmaster General and he serves at the pleasure of the Governors for an indefinite term. Let me repeat the above in another way; the Governors set policy and the Postmaster General would clearly run the day-to-day activities of the Postal Service.

3. How do you view the relationship and responsibilities of the Board of Governors to the President, the public and the Congress?

The Board of Governors is appointed by the President with the advice and consent of the Senate. The Board is responsible to the President, Congress and to its customers, the public, for the performance of the Postal Service. There should be as much communication as needed to insure that all major matters of concern to the President, the Congress and the public are made known and shared. Such as full reports to Congress on Postal operations, revenues, expenditures and Equal Employment opportunities. Governors must assure that the Postal Service will provide efficient dependable <u>universal</u> service at the lowest possible cost.

4. How do you view the respective roles and the relationship between the Board of Governors and the Postal Rate Commission?

The Governors determine the revenue requirements of the Postal Service and the timing of changes in Postal Rates and Classification Schedules. The Postal Rate Commission was established as an independent entity to

Continued questions 4

recommend changes in Postal rates and classifications for adoption by the Board of Governors. This organizational form appears to be efficient in that it delegates the responsibility for assessing rate and classification changes to a group that can effectively spend its time in hearings and the review of the positions presented by various interested parties.

III. POSTAL REORGANIZATION

1. Various proposals have been made to increase the accountability of the Postal Service to the Congress including Presidential appointment of the Postmaster General or the Chairman of the Board of Governors. How do you feel about these proposals?

I have not studied these proposals thoroughly, but I do feel that a well selected Board of Governors which understands its full responsibilities and accountability can make the appropriate appointments of a good Postmaster General and Chairman while ensuring accountability to both the President and Congress.

2. The Postal Rate Commission is a unique regulatory agency in that is does not have final decision-making responsibility with respect to most matters brought before it. As you know, this responsibility rests with the Board of Governors of the Postal Service. Do you believe that this arrangement should be maintained? If so, Why?

I have not studied this arrangement thoroughly but it appears to be a sensible one and should be maintained. The Board has the ultimate responsibility for the management of the Postal Service. It is involved in many decisions that influence costs, consequently, approval of rate and classification changes which affect the flow of revenues into the Postal Service should also rest with the Board. The efficient functioning of the Postal Rate Commission is vital to the success of the process. By reviewing and evaluating the views of all interested parties, the Postal Rate Commission's work should ensure a balanced approach to rate and classification changes. The Board's final decision on these changes must give full weight to the analysis and recommendations of the Rate Commission including the cost pressures in such determinations. As a Governor, I will review this process continually to make sure it is working properly.

3. Would you recommend any changes in the role and responsibilities of either the Postal Rate Commission or the Board of Governors?

No. I know of no changes at this time.

IV. POSTAL SERVICE OPERATIONS

1. To what extend do you view the Postal Service as public service appropriately financed out of the United States Treasury?

The goal of the United States Postal Service Reorganization was to make most users of the mail services pay for the costs. Congress wanted the Postal Service to be a self sustaining organization. The Postal Service should be ran as a corporation, responsive to the needs of the people subject to congressional oversight. Congress has mandated that certain non-profit organizations be allowed a reduced rate and the Congress will appropriate the difference to the Postal Service.

V. RELATIONS WITH CONGRESS

1. What suggestions do you have for strengthening the relationship of the Board of Governors to the Congress. Do you believe that this is necessary?

My suggestion to strengthen the relationship of the Board of Governors to the Congress is to provide prompt, reliable and efficient postal service throughout every region of the United States. This would help eliminate the source of many complaints to Congress of inferior and costly services. The Board of Governors must stay in frequent communication with the two congressional committees that have the role of oversight so that each can be apprised of the other's concerns and actions.

2. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constituted committee of the Congress?

Yes